

## Message Text

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TO USMISSION OECD PARIS PRIORITY

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TAGS: EINV, OECD

SUBJECT: USA-BIAC VIEWS ON INFORMATION DISCLOSURE BY  
MULTINATIONAL ENTERPRISES

FOR PAUL BOEKER

1. QUOTED BELOW IS LETTER FROM L. L. MORGAN, CHAIRMAN,  
USA-BIAC COMMITTEE ON INTERNATIONAL INVESTMENT AND MNEs TO  
RALPH WELLER:

QUOTE:

DEAR RALPH:

AS REQUESTED IN YOUR LETTER OF DECEMBER 12, I AM PRESENTING  
BELOW THE VIEWS OF THE COMMITTEE ON INTERNATIONAL INVEST-  
MENT AND MNE ON THE "DISCLOSURE OF INFORMATION" SECTION  
OF THE OECD GUIDELINES (19.164), WHICH WAS AGREED TO  
AT THE NOVEMBER 12 USA-BIAC ADMINISTRATIVE COMMITTEE  
MEETING IN NEW YORK.

THE COMMITTEE SUPPORTS THE NEED FOR APPROPRIATE DISCLOSURE  
OF INFORMATION TO GOVERNMENTS AND AS APPROPRIATE TO THE  
PUBLIC. IT HAS PREVIOUSLY PUBLISHED A PAPER ILLUSTRATING  
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THE EXTENSIVE FLOW OF INFORMATION TO OECD GOVERNMENTS AND THE PUBLIC ON A NUMBER OF KEY STATISTICS.

THE COMMITTEE IS, HOWEVER, CONCERNED THAT THE TYPE OF INFORMATION WHICH COULD BEST CONTRIBUTE TO IMPROVED PUBLIC UNDERSTANDING OF MNE'S HAS NOT NECESSARILY BEEN DEFINED IN THE INFORMATION SECTION. IN ADDITION, WHILE THE GUIDELINES NOTE THE NEED TO GIVE "...DUE WEIGHT TO LEGITIMATE REQUIREMENTS FOR BUSINESS CONFIDENTIALITY..." THE MATERIAL REQUESTED WOULD IN THE VIEW OF MANY BUSINESSMEN RELEASE SENSITIVE INFORMATION TO COMPETITORS. THE COMMITTEE'S OBJECTION TO THE DISCLOSURE OF FINANCIAL DATA ON A COUNTRY-BY-COUNTRY BASIS OR PRODUCT LINE BASIS RESTS ON THE CERTAINTY THAT SUCH COMPARISONS WOULD NOT RESULT IN BETTER PUBLIC UNDERSTANDING WHICH IS OECD'S STATED OBJECTIVE IN RECOMMENDING GUIDELINES.

THERE ARE ALSO MANY DEFINITIONAL PROBLEMS THAT WOULD HAVE TO BE ADDRESSED IN CONJUNCTION WITH ALTERNATIVE B. THESE ARE WELL ILLUSTRATED IN THE PRICE WATERHOUSE BOOKLET "ACCOUNTING PRINCIPLES AND REPORTING PRACTICES, A SURVEY IN 38 COUNTRIES," WHICH NOTES THE PROBLEMS INVOLVED IN OBTAINING COMPARABLE DATA BETWEEN COUNTRIES. IT IS OUR UNDERSTANDING THAT OECD IS PLANNING TO PRESENT TO MEMBER COUNTRIES RECOMMENDATIONS FOR THE IMPROVEMENT AND HARMONIZATION OF STATISTICS. THE COMMITTEE URGES THAT WORK ON GUIDELINES ON THE DISCLOSURE OF MNE FINANCIAL DATA BY COUNTRY OR PRODUCT LINE TAKE THIS EFFORT INTO ACCOUNT. AN ARTICLE IN THE NOVEMBER 1975 "CONFERENCE BOARD RECORD" ILLUSTRATES SOME OF THE CURRENT PROBLEMS BEING FACED IN LINE-OF-BUSINESS REPORTING SYSTEMS NOW BEING DEVELOPED IN THE U.S. SOME OF THE COMPLEXITIES OF DEFINITIONS ARE FURTHER ILLUSTRATED IN THE EXPOSURE DRAFT PUBLISHED BY THE FINANCIAL ACCOUNTING STANDARDS BOARD ON SEPTEMBER 30, 1975 ENTITLED "FINANCIAL REPORTING FOR SEGMENTS OF A BUSINESS ENTERPRISE."

IN OUR VIEW, U. S. BUSINESS IN PARTICULAR MUST IN REVIEWING THESE PROPOSED GUIDELINES TAKE INTO ACCOUNT THE CURRENT EFFORTS IN THE U. S. IN THE SECURITIES AND UNCLASSIFIED

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EXCHANGE COMMISSION, THE FEDERAL TRADE COMMISSION, AND THE FINANCIAL ACCOUNTING STANDARDS BOARD.

IT WOULD FURTHER BE DESIRABLE IF AN EXTENSIVE LIST OF DATA REQUIREMENTS ARE PUBLISHED TO HAVE MUCH MORE PRECISE LANGUAGE ON SUCH ISSUES AS INTRA-GROUP PRICING AND THE MEANING OF "MAIN CAPITAL TRANSACTIONS."

I BELIEVE THAT IT IS STILL DESIRABLE TO HIGHLIGHT THE

COMMITTEE'S CONCERNS ON COUNTRY-BY-COUNTRY AND PRODUCT  
LINE REPORTING, AS WELL AS A NUMBER OF DEFINITIONAL POINTS  
NOTED IN OUR COMMENTS. I RECOGNIZE THAT A NUMBER OF MEM-  
BERS OF THE OECD COMMITTEE WORKING ON THE GUIDELINES WILL  
CONTINUE TO PRESS FOR SOME OF THE LANGUAGE IN ALTERNATE B,  
BUT FEEL THAT IT WOULD BE APPROPRIATE TO CONTINUE  
DISCUSSIONS ON THE INFORMATION SECTION AS WE OBTAIN  
MORE INFORMATION THE LANGUAGE OF THE GUIDELINES OVERALL,  
AND ALSO AS WE LEARN FROM THE STATE DEPARTMENT OF THE  
NATURE OF THE OTHER DOCUMENTS WHICH ARE TO BE PROMULGATED  
SIMULTANEOUSLY WITH THE GUIDELINES: "THE PRINCIPLE OF

NATIONAL TREATMENT" AND THE SECTION ON "OFFICIAL INCEN-  
TIVES AND DISINCENTIVES." IN THAT I AM A REPRESENTATIVE  
OF THE U. S. CHAMBER OF THE COMMITTEE, I HAVE BEEN ASKED  
TO INDICATE THAT THE ABOVE VIEWS ALSO REPRESENT THE  
POSITION OF THE US CHAMBER.

L. L. MORGAN, CHAIRMAN, USA-BIAC COMMITTEE ON INTER-  
NATIONAL INVESTMENT AND MNE UNQUOTE. KISSINGER

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